

Meeting of the Retirement Plan for CTA Employees Board of Trustees

10 S. LaSalle Street
Suite 1100
Chicago, IL 60603

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on January 26, 2012 at One North Franklin Street, 24th Floor. The Chairman and Executive Director were present.

A roll call was taken indicating that the following Trustees were present:

Javier M. Perez, Jr., Chairman
Joan Coogan
Marcellus Barnes
Chris Kasmer as an alternate for John Burkard
Joseph Pass
Joseph J. Burke
Robert Kelly
Ronald Puskarits
Paul Sidrys
Karen Walker
Helen Kim as an alternate for Peter Xilas

James O'Connell was present as General Counsel for the Retirement Plan. Appearing on behalf of the Union Trustees was Joseph Burns, of Jacobs, Burns, Orlove and Hernandez. Appearing on behalf of the Regional Transit Authority appointed Trustee were Andrew Malahowski of Franczek Radelet, PC and John Doerrer. James Daley of K&L Gates appeared on behalf of the CTA Trustees. Paul Volpe was present for part of the meeting. Also present were Ivory Day of Gray & Company, Sarah Cachet of The Townsend Group, and Robert Rowe, Jr., Edward J. Murray, and Lancelot Muwayi, of Enhanced Investment Partners, LLC.

On a motion by Mr. Kelly, seconded by Ms. Coogan, the Board approved the draft minutes, as amended, for December 22, 2011.

General Administration Subcommittee Items

A motion was made by Mr. Burke, seconded by Mr. Kelly, to approve the items under Item 4(a) through (i) of the General Administration committee agenda, with the exception of Item 4(e). The motion passed unanimously.

Real Estate Subcommittee Items

Ms. Cachat of The Townsend Group provided a report on performance through September 30, 2011. She noted that it did not include performance of DV Urban, which had not submitted its performance information in time for the report. In general, Ms. Cachet reported that manager concentration levels, property type, geographic diversification, and leverage levels are all in compliance as of the end of the third quarter. She added that she is assisting in the evaluation of responses to the Plan's RFP, and anticipated interviews with the Real Estate Subcommittee in the future. On motion by Mr. Kelly, seconded by Mr. Kasmer, the Board approved the report.

Investment Subcommittee Items

Mr. Day provided the Trustees with a report, advising that the Plan suffered a loss of about .18% for the year ended September. As of January 24, 2012, the Plan had \$1,712,208,872.53 in assets.

Old Business

The Trustees discussed the Old Business item regarding the payroll audit. Mr. Kallianis provided a report on additional communications anticipated for participants.

New Business

Mr. O'Connell advised the Trustees of a new requirement that each member of a public body subject to the Open Meetings Act complete on-line training developed by the Public Access Counselor. On motion by Mr. Kelly, seconded by Ms. Kim, the Board voted to require all Trustees and alternates to take the on-line training. Mr. O'Connell was asked to advise whether the online training constitutes "training" within the meaning of 40 ILCS 5/1-113.18 (training required of all board members of a retirement system).

Mr. Pass asked whether the Board had adopted any rules about Trustees reporting gifts or things of that nature. Mr. O'Connell advised that he believes the Board does not currently have a code of conduct or set of rules on disclosing such items. Mr. Burke moved for Mr. O'Connell to prepare a report on any current requirements under existing law or policy. Mr. Kelly requested an amendment to obtain suggestions as to what the Trustees should require. Mr. Burke allowed the amendment, Mr. Pass seconded the amended motion, and the Board approved the amended motion.

Executive Session

On motion by Mr. Kelly, seconded by Mr. Burke, the Board voted unanimously to conduct an executive session, under the litigation exception (5 ILCS 120/2(c)(11)).

Open Session

On a motion by Mr. Kasmer, seconded by Mr. Kelly, the Board voted to approve the offer by the Nexos Private Equity Fund discussed in executive session. On motion by Mr. Kasmer, seconded by Ms. Kim, the Board voted to delegate to Mr. Pass and Ms. Coogan authority to accept a future possible settlement in connection with the Plymouth Rock Fund/Torshen Capital Management investment discussed in executive session.

With Mr. Volpe present, Mr. Day reviewed for the Trustees his analysis of the type of service Enhanced Investment Partners, LLC (EIP) could provide. He indicated that in his view the service EIP could provide is unique. Mr. Rowe of EIP introduced his colleagues, and summarized the way in which the EIP formulas enable identification of styles of investments likely to come into favor, in one case enabling a client to double the returns of the Wilshire, the Russell, and the S & P indexes. The Trustees asked a series of questions about how the formula worked, what was unique about it, how many other EIP clients are using this method, what EIP would charge, and other matters. After the presentation by EIP, the Trustees discussed additional questions. On motion by Mr. Kelly, seconded by Mr. Burke, the majority of Trustees, Mr. Barnes dissenting, voted to have Mr. Day and Mr. O'Connell perform additional due diligence on EIP, and to start contract negotiations, without committing the Board to anything.

On a motion by Mr. Kasmer, seconded by Ms. Coogan, the Board approved adjournment of the meeting.